

N. M. B.

What Is

SOCIAL CREDIT



A SIMPLE
EXPLANATION
FOR THE BUSY
READER

Issued by
Alberta Social Credit Board
Legislative Buildings
Edmonton, Alberta

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What Is Social Credit?

I

There are some who believe that the full meaning of Social Credit can be given in a few simple words. This would be just as hard to do as it would be to give the full meaning of Christianity or Democracy in a few simple words. In so far as it can be done, this pamphlet is written for the purpose of explaining the true meaning of Social Credit in a manner which will make it easy for anyone to understand.

A Few Definitions Will Help

We often use words loosely to mean any of a number of things, which lead to a great deal of misunderstanding. In the following pages we will use certain words and phrases several times. It will help us to understand Social Credit if we can agree on what these words and phrases mean as we use them here:

Freedom:

The right of every person to do as he chooses as long as he does not interfere with that same right on the part of others, e.g., a man has the right to go where he chooses with his car but if he drives on the wrong side of the road he takes away from the driver going the other way his right to go where he chooses. When a person does anything he chooses without regard to others, that is called "license." Freedom is not license and therefore does not give anyone the right to do wrong or commit a crime.

Community: A number of persons living in a district such as a town, a city or a province and associating together as a group, form a community.

Society: A word used to describe organized community life. "Social" is a word used to mean anything which is related to society, e.g., a "social outcast" is a person whom society does not want and therefore snubs and ignores.

Money: Money is anything which has become so acceptable, that no matter what it is made of or why people want it, no one will refuse it in exchange for goods or services. Money may, therefore, be simply defined as "a claim on goods and services" or still more simply as "tickets" to good and services. Monetary is a word used to describe matters which are related to money.

Inflation: A condition which exists when the amount of money which all the people have collectively, with which to buy goods, is more than the usual prices of all the goods for sale, and as a result a rise in prices above their usual level, takes place.

Deflation: Deflation is the opposite of inflation. It is a condition which exists when the amount of money which all the people have collectively with which to buy goods, is less than the usual prices of all the goods for sale, and as a result goods remain unsold and prices are forced down to a level below the cost of producing the goods.

Monopoly:

When any man or a group of men have the complete control of anything, we say that they have a monopoly, e.g., a company that had the sole right to deal in fountain pens, i.e., make, buy or sell fountain pens in a country would have a "monopoly" of the fountain pen business.

Dividends:

The profits of a business are divided to give all those who have a stake in the business a fair part of the profits. Each person's share of the profits is called a dividend. A national dividend would, therefore, be a part of the wealth of the nation paid to every citizen from time to time because he is a shareholder in Canada Unlimited. Whether he was rich or poor, each citizen would receive this dividend just because he is one of the nation—comprising part of the nation's assets and being an heir to the rich heritage which has come down to us all from the past.

Economic System:

All the institutions and arrangements for producing and distributing the goods and services which people want are included in the term "economic system." Factories, farms, railways, wholesales, retail stores, and money, are all part of our economic system because they are the means of making, transporting and distributing goods and services. The economic system may be described as "the housekeeping system of the nation."

Economic Security:

A person has economic security to the extent that he is sure that he will have whatever he needs in order to live properly, i.e., enough of proper food, fuel, clothing, shelter, health services, etc.

Politics:

This is the name given to the business of government and the management of the public affairs of the nation. "Political" is used to describe anything which is related to politics.

Democracy:

A social system that enables the people to get the results they want by freely co-operating together. In a true Democracy, the people:

- (a) Are free, i.e., they enjoy personal freedom;
- (b) Freely elect their government;
- (c) Control their government and economic system;
- (d) Secure from their governments and from the economic system the results they want.

***Political
Democracy:***

Exists when the people control their governments (parliament, legislature, or even the village council) at all times.

***Economic
Democracy:***

When the people control the economic system in regard to the results they obtain from its operation.

Now that we have agreed on the exact meaning of some of the words and phrases that we will use throughout, we are ready to discuss the principles upon which a Social Credit order can be built.

Political Democracy

Today we have only a measure of political democracy. We have the right to vote on election day and so elect members to our parliament or legislature. We also have the right to organize in whatever way we wish in order to control the men we have elected. But for some reason our governments have not given us the results we want.

What Do We Want?

We cannot say what each person wants in order to be happy and contented because every person is different from every other person. One man wants three heavy meals a day while another may want only two light lunches a day. But we can agree on what all the people want in a general way. First, they want security with the greatest possible measure of personal freedom. After that they want a fair share of the good things of life which we may call luxuries and enough free time from the drudgery of work so that they may enjoy the finer things of life or indulge in higher cultural interests of their own choosing, such as art, music, science, sports and hobbies.

Our governments in the past have certainly failed to give the people these results which they have always wanted, though we must admit that they have given the people many hateful results which they did not want.

Unwanted

People have never asked to be loaded with a heavy burden of taxes, yet year by year the taxes grow. No government is asked to build up a great mountain of debt and yet year by year our public debt grows larger—like a snowball rolling downhill. Thousands of irksome laws, rules and regulations are put into force or sanctioned by governments, yet they were never demanded by the people and too often result in making their lives more miserable.

Democracy Limited

As long as our governments give us results we do not want and fail to give us the results we do want, we cannot say that we have true democracy. It is time, therefore, that we find out why we have only a limited measure of democracy.

The Reason Why

In order to give us what we want the government must spend money. Under the present money system governments get money in only two ways:

(a) By taxing people, and;

(b) By borrowing (usually from banks or financial houses). As a rule a government cannot raise enough money to carry on by taxing the people and it is forced to borrow. Anybody who finds himself in the position of being forced to borrow money from another person, is forced to respect the wishes of that person. For the same reason governments that rely upon borrowing find that they are dependent upon those who control the money system, and therefore they are not free to obey the people who elected them. As long as this state of affairs continues we cannot have true democracy—but have instead a dictatorship by the money monopoly.

Economic Democracy

We have never enjoyed a full measure of economic democracy, for if we had, we would have obtained the results we want from our economic system: the results people generally want which we have already mentioned. We want security and freedom. Instead we have insecurity and we find our freedom dwindling. We want good times (prosperity). Instead we have more and more periods of hard times (depressions).

We use money to get the results we want from our economic system. Just as we vote to elect the men who will represent us in parliament, we use money as votes to get what we want from our economic system. When we use money to buy a pair of shoes, we are voting in favor of the factory that makes those shoes, as well as for all those who produce the rather. But if we refuse to buy the shoes we are voting to close down the factory and against the production of leather and the manufacture of shoes.

We, therefore, have true economic democracy only when we have enough money to buy all that we need to live properly. When we do not have enough money to buy things we need to live decently, we cannot enjoy economic democracy with its full measure of security and freedom. To the extent a person has an assured income sufficient to provide him and his family with an adequate living, he has economic security. To the extent he obtains this economic security under conditions over which he has control, that person has freedom. Therefore, the importance of money to every citizen is very evident.

It can easily be seen, now, that democracy has suffered in the past because there is something very wrong with the money system. Until the faults in the system are corrected, we cannot hope for a better world. These faults are:

- (a) The control of the money system is in the hands of a few men. They are the only men who in a true sense "make money." They, therefore, have a monopoly over money.
- (b) The money system works in such a way that there is never enough money in the possession of the people as purchasing power to buy all of the goods which they, collectively, have produced. Under normal peace time conditions the amount of money the people as a whole may have depends often on the amount of gold (or security holdings) stored away somewhere in the vaults of the Bank of Canada. This is called a "gold basis" and has a very unhappy effect on society. If the amount of gold or security holdings is restricted, then the banks are able to issue only a small amount of money. This means that factories and other industries cannot get enough money to carry on their work of making the goods the people need. In this way the restriction of the quantity of money automatically restricts production.
- (c) Because of the manner in which the money system works the amount of money that is distributed to the people as purchasing power is never sufficient under present day machine production methods, to enable the people to buy the goods they have produced and which are available for their use. This can be shown by the following simple example:

The prices of the goods for sale	\$2,400
The money the people have	1,400
	<hr/>
The prices of goods not sold	\$1,000

These unsold goods must remain piled up on shelves of the merchants or in warehouses. The owners of

factories must then stop making goods which no one can buy. They are forced to lay off some of their workers. The men now have no jobs and, therefore, no wages. Being without wages, they buy less goods and that in turn causes factories to lay off more men and so on. This is the reason why hard times stalk a land filled with plenty of the goods the people need—all because the money system does not provide them with enough purchasing power.

- (d) Money that can be used to buy goods is paid to the people, in the first instance, in the form of wages, salaries and dividends. In other words people receive purchasing power only in return for work done in making and distributing goods. At the same time factories (industry) are using fewer and fewer men to do the work because more and better machinery is taking their place. Thus we have more goods being made with less manpower while we have more idle men without money with which to buy the growing abundance of goods. That is why we have "poverty in the midst of plenty."

Moreover, the wage system often forces men to work under conditions which are hateful to them, and for wages which are so small that they cannot live as people should in a world of plenty. If they refuse to accept these conditions the only other choice they have is starvation. The money system, therefore, allows a few men to control the lives of the people—that is slavery!

The Social Credit Monetary Proposal

Social Credit would correct the faults in the money system in the following way.

- (1) Control of the money system would be taken away

from the few men who now control it, and returned to the people where it rightly belongs. The government would choose qualified men whose duty it would be to see to it that the money system served the people. This national monetary authority would be responsible to the people through parliament for the operation of the money system, and the banks would be required to carry out their functions to serve the requirements of the nation. By means of a simple reform of our political system the people would be able to exercise effective control over their elected representatives in parliament. The members of parliament would then be obliged to obey the will of the people and such an arrangement would ensure that the money system served the people by providing them collectively with enough money, at all times, with which to buy all of the goods for sale.

- (2) It would be necessary to set a limit to the amount of money in the country. Everyone knows that money should not be created in unlimited quantities, or we would have inflation. Therefore the greatest amount of money that it would be wise to have in the country would be that amount needed to carry on the production and distribution of all the goods (and services) required by the people. In this way production, to satisfy the wants of the people, would control the money system, instead of money controlling production. Money would then be the servant instead of the master.
- (3) The shortage of purchasing power, which results from the operation of the money system would be made good by putting new money directly into the hands of the people. Taking the previous example quoted to illustrate this point, it can be shown thus

Prices of the goods for sale	\$2,400
The people have	1,400
	<hr/>
To buy the goods the people need	\$1,000

The National Authority would then give out to the people \$1,000 of new money. They would then have \$2,400 with which to buy goods priced at \$2,400.

How It May Be Done

This new money may be given to the people in several ways. The following are suggested

- (1) Merchants would reduce their prices by, let us say, one-fifth (20%). The National Authority would then pay the merchant one-fifth of the price and the customer would pay him four-fifths of the price. If a customer bought a pair of shoes priced at \$5.00, the merchant would ask him to pay only \$4.00 for them, and the National Authority would pay the merchant \$1.00 so that he would actually receive \$5.00 for the shoes. It would be understood that this arrangement would be made on condition that the merchant made a fair profit only.

Let us suppose that the National Authority has spent \$480 out of the \$1,000 of new money in making such payments to merchants. Then \$520 still remains unspent.

- (2) Part of this new money would be used to finance public services without debt to the nation. This would enable taxes to be lowered, step by step. Let us suppose that the National Authority spent \$120 of the new money in the place of tax money, leaving \$400 still not spent.

- (8) As machinery takes the place of men in industry, more goods can be made with far less work. To enable the people to buy these goods, every citizen would be paid a National Dividend over and above any money he may be earning in any way. These dividends would represent the wages earned by the machines which are not distributed at present.

The National Authority would spend the remaining \$400 of new money by giving every person a dividend. Then all the people would enjoy economic security and independence, which would also give them freedom.

The Scales Would Balance

The People earn	\$1,400
Price Discount (New Money)	480
Tax Reduction (New Money)	120
National Dividend (New Money)	400
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The people receive	\$2,400
The prices of the goods	\$2,400

Thus the prices of all the goods for sale when added would equal the sum of all the money flowing to the people, with which to buy the goods. We may put it this way:

Total prices=Total purchasing power

That is to say, we would have a balanced economy—and there would not be the slightest danger of inflation or deflation.

Freedom Is The Keynote

The simple measures we have outlined for correcting the evils in our money system would have far greater results than one first imagines. A person who receives a dividend

every month, large enough to provide for his essential material needs, would have freedom in a real sense. He could choose for whom he will work, at what he will work, and under what conditions he will work. He would no longer be a wage slave, for no one could threaten him with hunger and want by taking his job away from him.

What Is Social Credit?

The explanation we have given of Social Credit principles now makes it possible to give a definition of Social Credit. It can easily be seen that Social Credit is a "way of life" and not merely a money scheme.

We may now say that:

Political Democracy + Economic Democracy = Social Credit

Because such a democracy is based on the principles of a Christian society, Social Credit aims at establishing a truly Christian social order.

In the past our way of life has had too little of Christianity and only a measure of political democracy. As for economic democracy, it has been limited to such an extent that it hardly existed at all.

Long, long ago, when the world was young, people chose to live and work together in villages surrounded by some sort of walls or palisades to protect them from wild beasts and other dangers. They then felt more secure than if each family lived alone and afraid in some cave. By living in association in communities, they gained greater security and more freedom.

The same holds true today, but though our reasons for living in communities remains the same, we find that for some reason we have become insecure and enslaved to the institutions of our own creation. In other words, we find that we are not getting the results we want and which we could obtain from our efforts as an organized community—

we are not realizing our Social Credit. When we study our social system, we find that a few men by controlling the money system, which in turn controls our whole economic system, have gained great power and have used it for their own selfish purposes. In doing so they rob the people of their security and freedom and destroy the whole purpose of organized society.

Let There Be Light:

As fast as the people learn the true facts, they will join together in a strong movement and overthrow the entrenched powers that have gained control of our activities by means of controlling our money system, seeking to destroy democracy, hoping to replace it by some form of dictatorship. Then we can say that the people have begun to use their social credit to build a higher, nobler and happier civilization.

From the Old to the New:

The change from the old way of life to the new can be smooth and rapid. No person need suffer. There can be plenty for all. There need be no wide gap between the "haves" and the "have nots".

Everybody can be secure and will enjoy increasing personal freedom at the same rate as the National Dividend increased. People will have more time to devote to the finer things of life.

The power of money over the lives of the people will disappear. Important positions will be held by men and women who have earned the love and respect of their fellows. Every person will have the opportunity to develop his talents and rise to great heights by his own efforts, without harming his fellow man. In short, the advent of Social Credit will herald the dawn of a new age of progress in human history.

Social Credit Publications

By C. H. Douglas

Social Credit	\$1.00
The Big Idea50
Programme for Third World War50
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By Other Authors

The Nature of Social Credit05
A. B. C. of Social Credit30
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